



State of Washington

AFFORDABLE HOUSING ADVISORY BOARD

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Faith Pettis
Board Chair

Vacant
Residential Construction Industry

Vacant
Residential Construction Industry

Bryan Friend
Mortgage Lending Industry

Michael O'Rourke
Mortgage Lending Industry

Wanda Coats
Real Estate Sales Profession

Connie Devaney
Apartment Management & Operation
Industry

Joel Ing
For-Profit Housing Development

Kevin Grossman
For-Profit Rental Housing

Tory Laughlin Taylor
Non-Profit Housing Development

Paula Lonergan
Homeless Shelter Operations

Shaw Seaman
Special Needs Populations

Joe Ingram
Low Income Housing

Mike Adolfae
At-Large/General Public

Chris Pegg
Public Housing Authorities

Obie O'Brien
Counties, Eastern WA

Andree Harland
Counties, Western WA

Teresa Overhauser
Cities, Eastern WA

Lauren Walker
Cities, Western WA

David Stillman
Ex-Officio, Dept. of Social & Health
Services

Kim Herman
Ex-Officio, Housing Finance Commission

Dan McConnon
Ex-Officio, Dept. of Commerce

BOARD MEETING SUMMARY

Wednesday, December 3, 2014

10:00am to 1:00pm

Department of Commerce – Olympia, WA

ATTENDANCE

Faith Pettis, Kevin Grossman, Chris Pegg, Joel Ing, David Stillman, Paula Lonergan, Wanda Coats, Mike Adolfae, Michael O'Rourke, Obie O'Brien and Bryan Friend. Via phone: Lauren Walker and Connie Devaney.

COMMERCE STAFF

Nick Demerice, Tedd Kelleher, Janet Masella, Cary Retlin, Jeff Wilson, Dawn Eychaner, Graham Parrington and Cherish Rahikainen.

GUESTS

Paul Purcell, Beacon Development Group
Margret Graham, Washington State Housing Finance Commission
Lisa Vatske, Washington State Housing Finance Commission
Rich Zwicker, Washington State Housing Finance Commission
Sean Flynn, Staff Counsel, Washington State House of Representatives
Kirstin Lee, Staff Counsel, Washington State House of Representatives
Derek Rutter, Staff Counsel, Washington State House of Representatives
Ben Minsch, Washington Low Income Housing Alliance (via phone)

INTRODUCTIONS AND CONFIRMATION OF AGENDA

Faith Pettis

Faith summarized the agenda.

APPROVAL OF MINUTES

The September 2014 meeting summary was approved.

REPORT FROM THE CHAIR

Faith welcomed our newest Board member, Paula Lonergan, representing Homeless Shelter Operations. Paula is a retired state employee, and last served as a program manager in the Unemployment Insurance Program with Employment Security. Paula and her husband are both heavily involved in their community and volunteer at the Tacoma Rescue Mission.

It has been a busy few months since our last Board meeting. The Needs Study has been at the forefront, which is coming along nicely. The report is in the finishing stage and the team is gearing up for rollout. Faith and Tedd Kelleher presented the study to the Senate Financial Institutions, Housing & Insurance Committee on

November 20th.

Faith and Kevin shared the proposed schedule of presentations by Board members at AHAB meetings. Please be sure to mark your calendar accordingly and come prepared to give a 15-20 minute presentation. This will serve as a learning opportunity for the whole AHAB, and will allow each member to share an update on his/her industry's work and viewpoint as it relates to affordable housing. You may choose to include a little bit about yourself, major projects you're working on, any issues or concerns that the Board can help address, and any initiatives/legislative agendas that the Board might be interested in hearing about.

In the event you are unable to present during your designated timeslot, please contact Kevin Grossman as soon as possible. We'll do our best to accommodate the change.

AFFORDABLE HOUSING NEEDS STUDY

Faith, Tedd Kelleher and Lisa Vatske shared the executive summary and two county profiles from the Affordable Housing Needs Study. They have done extensive work with the consultant to ensure there is no duplication in the data. This report is the first comprehensive, state-wide study in over a decade, giving us an opportunity to renew our commitment to coordinated, thoughtful, data-based decision making. It also includes a five-year forecast. The final report will be finalized and posted to the Commerce website next week.

Recommendations given by Board members:

- Shorten the executive summary and/or include a brief cover letter from the Board Chair or Commerce and the WSHFC summarizing the study's findings.
- Be thoughtful about the executive summary. What is our goal for the reader? To make policy decisions? "We hope you'll do XYZ with this report."
- Add the year to the geographic profiles as a reference point (as a header or footer).
- Add a crosswalk chart to demonstrate the intersection of the federal poverty line with our data.
- Add an explanation of why homelessness is not captured in data in the executive summary.

Final comments should be sent directly to Faith as soon as possible.

It was a deliberate choice to not address recommendations in this study. Faith is looking to the Board for ideas on how to address the need at the local level, for example, through the Housing Trust Fund. The Board had a robust discussion about possible recommendations based on the study.

Next steps include having Commerce and the WSHFC receive training from the consultants to ensure they have the tools and knowledge needed to replicate the study in the future and track the need for affordable housing in Washington State.

NEEDS STUDY ROLLOUT PLAN

The Needs Study Rollout Subcommittee has drafted a plan for rolling out the Needs Study. This plan should be used as a reference to ensure consistent messaging when talking with state legislators, local government leaders, funders, stakeholders, media/press, and the general public. When speaking with local officials or legislators about the study, please remember to wear your "AHAB hat" vs. industry viewpoint. The Rollout Committee will be putting together talking points, and a PowerPoint that members can use or tailor to fit their needs. Margret and Cary will also work on a quick-reference FAQ about the study.

Please be thinking of other ways to rollout the needs study, for example: Upcoming meetings or conferences, newsletters, articles, and websites. Please connect with Margret as you see opportunities arise. She is available to help with custom talking points to use for your specific audience.

The next Needs Study presentation will be to the WSHFC at their board work session (open to the public) in Seattle on Thursday, December 18. Other Board member suggestions for presentation:

- House presentation first week of session (Faith and Tedd)
- Association of Washington Housing Authorities in February (Chris Pegg)
- Market Rate Development (Paul Purcell)
- County Officials at the upcoming training for new Commissioners (Obie O'Brien)
- Affordable Housing Management Association
- Housing and Homelessness Advocacy Day in Olympia, February 17
- Annual Conference on Ending Homelessness in Tacoma, May 13 and 14
- Association of Washington Cities
- Association of Washington Counties
- King County Housing Development Consortium (Joel Ing)
- Realtors Spring Conference (Wanda Coats)
- Policy Advisory Team meeting in December (Chris Pegg)

COMMERCE UPDATE

Budget and Decision Packages

Nick Demerice provided the Board with a Commerce update.

Commerce's housing-related decision package includes:

- Add: Housing Homeless School Children for \$15 million, which includes a \$2 million request for Washington Families Fund. This builds on the success of our Ending Family Homelessness pilot, which focused on rapid rehousing for TANF families. In terms of agency priorities, this is #1 on the list of proposed new operating budget items.
- Add: Housing Trust Fund (\$150 million for core trust fund, \$20 million for portfolio preservation, and \$10 million for an ultra-efficient affordable housing demonstration project.)
- Add: Weatherization for low-income homes, \$28 million

Motion: Moved by Joel Ing to support the Department of Commerce's three housing-related legislative requests (listed above).

- Ayes: 10
- Nays: 0
- Abstain: 1 (Paula Lonergan)

Proposed 'Book 1' cut: Housing and Essential Needs - nearly \$7.5 million. Commerce could not avoid proposing HEN reductions as part of its required 15 percent overall general fund state reduction submission to OFM because it is around 50% of the entire agency's general fund state budget. Commerce did, however, put this at the bottom of its list for items to cut when it ranked these by agency priority.

The Governor's budget should be released sometime during the week of December 15. Commerce has heard that it might include a Homeless Youth Act that would potentially move Crisis Residential Center, Hope Beds, and Street Youth services from DSHS (Children's) to Commerce.

Other proposals and policy topics:

- DSHS has proposed a number of reductions that would impact populations Commerce also serves:
- Additional spending may be needed to support TANF caseloads, two-parent participation, and TANF PRISIM.

Reductions may include:

- Adolescent Services (secure and semi-secure crisis residential centers, HOPE Beds, and services to street youth.
- No WorkFirst participation incentives
- Reduction in TANF work study
- Reductions in subsidized employment programs
- Reductions in Limited English Pathway Services
- Limit Additional Requirements for Emergent Needs (AREN) benefits

Homeless Student Stability Act - Columbia Legal is working on a proposal that would increase resources for schools through McKinney Vento homeless liaisons. Two elements would fund more liaison services and provide new funding for housing through existing housing providers.

GROWTH MANAGEMENT / HOUSING SUBCOMMITTEE

Recommended Updates to the 2006 Growth Management / Housing Task Force Report

Paul Purcell provided a report on behalf of the Growth Management / Housing Task Force subcommittee. The group participated in a meeting on November 24th to dive deeper into recommended updates to the [Growth Management / Housing Task Force report](#) published in 2006 and come up with a workable, broadly supported agenda for the 2015 legislative session.

That report included over 20 recommendations related to the Growth Management Act intended to improve housing affordability.

The group refined the six topic areas from the last meeting in an effort to target a few specific, doable recommendations for the 2014 legislative session. Organizations listed next to each topic area have been identified as the ‘parties most interested’ and will bring specific suggestions for changes relevant to these topics to the group’s next meeting.

1. Expand up front SEPA review for all development in the UGA (Realtors, Cities, Forterra, Regional Councils)
2. Funding for state grants award bonus points to local government applications that achieve GMA affordability (Realtors, Low-Income Housing Alliance, HDC)
3. Funding to create growth management infrastructure (Cities)
4. Update state TIF to tie more closely to GMA goals including affordable housing (Futurewise, Forterra, Regional Councils)
5. Impact fees for multifamily development should be charged on a square foot basis (Realtors, BIAW, School Administrators)
6. Under GMA, require cities to hit density targets (Futurewise)

The group will convene again on December 12th at 9:00am at the Pacific Tower. If you are interested in joining, please contact [Paul Purcell](#).

The outcome of this committee work could be recommendations that the AHAB makes as part of its Needs Study rollout, depending on timing.

The King County Housing Development Consortium has asked for AHAB's support for legislative action to allow counties to issue bonds for affordable housing backed by revenue from lodging taxes. Current law would allow them to begin doing so in 2021, after the expiration of other current uses for those taxes (stadium, arts, tourism). The proposed legislation would permit counties to issue bonds now and pledge future taxes. AHAB members asked for confirmation that this legislation was not directive, i.e., that it did not require counties to issue bonds but merely provided them with the mechanics to do so if they chose to, and Faith confirmed that was the case.

Motion: Moved by Mike Adolfae to support the counties' position on allowing hotel-motel tax revenue funds to be used for affordable housing commencing in 2021.

- Ayes: 11
- Nays: 0
- Abstain: 0

Buildable Lands

Jeff Wilson is working with the Buildable Lands Advisory Group which was created by the Senate Government Operations Committee workshop earlier this year. There has been no consensus reached by this group on any policy recommendations for the upcoming 2015 legislative session; however the group as a whole would like to continue discussing the rising costs of infrastructure. This increase is affecting buildable lands, affordable housing, development costs and local jurisdictions. There is a lot of focus, energy and crossover around this issue, which Paul is also taking up with the Growth Management / Housing Task Force subcommittee.

To learn more about buildable lands, please visit the [Commerce website](#) or contact [Jeff Wilson](#) directly.

SUBCOMMITTEE AND OTHER REPORTS

Policy Advisory Team (Chris Pegg)

Chris Pegg provided the Board with an update on the Policy Advisory Team. The group plans to meet on December 17th at the WSHFC in Seattle. They have a full agenda which will focus on the Needs Study rollout, Consolidated Homeless Plan update, budget and legislative update and Housing Trust Fund cost effectiveness.

The PAT's Housing Trust Fund cost effectiveness recommendations will be presented to the AHAB at a future meeting. The group is in the preliminary stages of exploring integrated designs which could provide long-term operational cost savings.

The Department of Commerce is pleased to announce the [2014 Housing Trust Fund awards](#).

CLOSING REMARKS

The next Board meeting is scheduled for Wednesday, March 18, 2015 from 10:00am-1:00pm. The meeting location and agenda will be distributed as the date gets closer.

MEETING ADJOURNED 12:45pm

Next Meeting: ***Wednesday, March 18, 2015***
 10:00am to 1:00pm
 Location to be determined